

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: EINV, ELAB, OECD
SUBJECT: OECD COMMITTEE ON INTERNATIONAL INVESTMENT
AND MULTINATIONAL ENTERPRISES (CIME): CONSULTATIONS
WITH TRADE UNION ADVISORY COMMITTEE (TUAC) AND
BUSINESS INDUSTRY ADVISORY COMMITTEE (BIAC)

REF: PARIS 10329

1. SUMMARY: CIME CONSULTED APRIL 11 WITH DELEGATIONS
FROM TUAC (MORNING) AND BIAC (AFTERNOON). BOTH
CONSULTATIONS WERE CONDUCTED IN CORDIAL ATMOSPHERE
UNDER FIRM HAND OF ACTING CIME CHAIRMAN NIKLASSON
(SWEDEN). TUAC PRESENTED SEVERAL NEW MNE CASES TO
CIME AND CITED OTHERS DURING MEETING, THREE OF WHICH
CONCERNED U.S. MNE'S. IN CONTRAST TO MARCH, 1977
CONSULTATIONS, BIAC PRESENTATION APPEARED BETTER
PREPARED THAN DID TUAC'S. US VOLUNTEERED TO PREPARE
NOTE FOR CIME ON DISCLOSURE OF INFORMATION PROBLEMS
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UNDER US LAW RAISED BY BIAC REPRESENTATIVE. DECISIONS
BY CIME ON HOW TO FOLLOW-UP ON PRESENTATIONS BY TUAC
AND BIAC WILL BE MADE DURING FULL MEETING OF CIME
LATER THIS WEEK. PRESS NOTE ON CIME ACTIVITIES
(REFTEL) WAS MADE AVAILABLE AT BEGINNING OF CONSUL-
TATIONS. END SUMMARY.

2. FOLLOWING CLOSELY TEXT OF CIME DOCUMENT ON TUAC CASES IME(78)1, AD HOC WORKING GROUP CHAIRMAN LEVY REVIEWED WORK OF HIS GROUP ON MNE CASES PRESENTED BY TUAC IN MARCH, 1977. THOSE TUAC REPRESENTATIVES WHO RESPONDED EXPRESSED DISAPPOINTMENT IN PAUCITY OF DETAIL AND LACK OF PRECISION IN LEVY PRESENTATION. TUAC REP NYSTROM DESCRIBED LEVY PRESENTATION "COMPLETELY USELESS". OUTGOING TUAC SECRETARY-GENERAL BERNARD EXPRESSED SENSE OF TUAC GROUP THAT, ALTHOUGH CIME NOT TRIBUNAL, IT SHOULD ATTEMPT TO OBTAIN FACTS IN CASES AND INVITE INDIVIDUAL COMPANIES TO APPEAR BEFORE IT. HE INDICATED A NEED FOR CIME TO PROVIDE ANSWERS ON A CONTINUING BASIS TO WORKERS AFFECTED BY MNES. BERNARD AND OTHERS EMPHASIZED NEED FOR "DIALOGUE" BETWEEN CIME AND CONSULTATIVE GROUPS, ESPECIALLY AS CIME MOVES INTO REVIEW PERIOD.

3. AS SUPPLEMENT TO PREPARED STATEMENT OF ITS CHAIRMAN, TUAC DISTRIBUTED, AND COMMENTED ON, ANNEXES PREPARED BY NATIONAL LABOR AFFILIATES. THESE ANNEXES (WHICH BEING HANDCARRIED WASHINGTON BY US DELEGATES), TOGETHER WITH TWO ORAL STATEMENTS BY TUAC DELEGATES PLACED FOLLOWING NEW ISSUES BEFORE CIME:

(A) ITF (NETHERLANDS) SUBMISSIONS ASKING IF PARAGRAPH 8 OF GENERAL PRINCIPLES SECTION OF MNE GUIDELINES LIMITED OFFICIAL USE

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(DEFINING MNE'S) APPLY IN CASE OF TWO AIRLINE CONSORTIA KSSU (KLM, SWISSAIR, SAS, AND UTA) AND ATLAS (ALITALIA, LUFTHANSA, AIR FRANCE, SABENA) WHO HAVE REFUSED TO MEET WITH LABOR REPRESENTATIVES REGARDING THEIR LABOR POLICIES AND SHIFTING OF GROUND MAINTENANCE FUNCTIONS FROM COUNTRY TO COUNTRY. SOME CIME MEMBERS EXPRESSED DOUBT AS TO WHETHER LEGAL STATUS OF GROUPS AND THEIR "CONTRACTUAL" ARRANGEMENT WOULD BELONG THEM UNDER GUIDELINES.

(B) CNY (NETHEPLANDS) REQUEST FOR INTERPRETATION OF PARAGRAPH 5 OF GENERAL PRINCIPLES (ALLOWANCE FOR COMPONENT ENTITIES OF MNE'S TO REALIZE COMPETITIVE

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POTENTIAL) AND 6 OF EMPLOYMENT AND INDUSTRIAL RELATIONS SECTION (REASONABLE NOTICE TO EMPLOYEES IN CHANGES WHICH AFFECT THEIR LIVELIHOOD) CONCERNING DECISION OF BRITISH AMERICAN TOBACCO COMPANY (BATCO) TO TRANSFER OPERATIONS FROM HOLLAND TO BELGIUM. DUTCH CIME DELEGATE EXPRESSED HOPE THAT CIME WOULD CAREFULLY CONSIDER CASE, BUT STATED HIS GOVERNMENT'S NEUTRALITY SINCE CASE STILL BEFORE COURTS AND BATCO HAD CLAIMED THAT ITS LONG-RUN PROFITABILITY IN HOLLAND WAS NIL.

(C) SUBMISSION BY SWISS TRADE UNION OF CASE INVOLVING CLOSURE OF FIRESTONE SUB FOR INTERPRETATION OF PARAGRAPH 5, OF GENERAL PRINCIPLES SECTION, 6 AND 9 (COLLECTIVE BARGAINING WITH REAL DECISION MAKERS IN MANAGEMENT) OF EMPLOYMENT AND INDUSTRIAL RELATIONS SECTIONS. SWISS DEL (LEVY) INFORMED CIME THAT SWISS AUTHORITIES WERE FLYING TO AKRON TO DISCUSS CASE WITH FIRESTONE MANAGEMENT AND HE EXPRESSED HOPE
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THAT AFFAIR WOULD BE RESOLVED SATISFACTORILY ON BILATERAL BASIS.

(D) "ILLUSTRATIVE EXAMPLE" PRESENTED BY SWEDEN ON DISCLOSURE OF INFORMATION TO TRADE UNIONS. TUAC GROUP, IN ESSENCE, DREW DISTINCTION BETWEEN INFOR-

MATION DISCLOSED TO PUBLIC AND INFORMATION GIVEN TO EMPLOYEES. TUAC INDICATED THAT UNIONS ALSO INTERESTED IN MAINTAINING BUSINESS CONFIDENTIALITY SINCE PUBLIC DISCLOSURE OF CERTAIN INFORMATION COULD BE DETRIMENTAL TO THESE INTERESTS. IT URGED CIME TO ADOPT "BINDING" RULES EITHER WITHIN OR OUTSIDE OF MNE GUIDELINES DURING REVIEW PERIOD TO FORCE MANAGEMENT TO DISCLOSE CERTAIN TYPES OF INFORMATION TO EMPLOYEES.

(E) ANOTHER SWEDISH PROPOSAL TO ESTABLISH SEPARATE INSTRUMENT OF MANDATORY NATURE TO REGULATE ACTIVITIES OF INTERNATIONAL CREDIT MARKET AND MULTINATIONAL BANKS. TUAC WAS UNABLE TO BE SPECIFIC ON WHAT "ACTIVITIES" IT FOUND AT FAULT, ONLY INDICATING THAT PRESENT GUIDELINES INADEQUATE FOR THIS PURPOSE. SECRETARIAT POINTED OUT THAT BANKING ACTIVITIES COVERED IN NUMBER OF OTHER OECD COMMITTEES.

(F) ORAL CITATION OF SINGER COMPANY'S (US MNE) DESIRE TO EXPLAIN IMPACT ITS NEW "INTERNATIONAL SOURCING SYSTEM" WOULD HAVE ON SUBSIDIARIES. UPCOMING VISIT OF SINGER PRESIDENT TO UK IN JUNE TO DISCUSS IMPACT ON UK SUBSIDIARY WITH UNION AND GOVERNMENT OFFICIALS MENTIONED BY TUAC REPRESENTATIVE IN POSITIVE TERMS, AS EXAMPLE OF WHERE GUIDELINES MAY BE WORKING.
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(G) IN INTERVENTION ON NEED TO OBTAIN INFORMATION ON MNE'S AND HAVE ACCESS TO REAL DECISION-MAKERS IN MANAGEMENT, UK TUAC REPRESENTATIVE POINTED TO UNION RECOGNITION PROBLEM AT UK SUBSIDIARY OF COMMODEORE BUSINESS MACHINES (USMNE) AND CHANGE IN COMPANY'S ATTITUDE WHEN ITS INTERNATIONAL MANAGEMENT BECOMES INVOLVED IN ISSUE.

4. BIAC'S PRESENTATION CONSISTED OF ORAL STATEMENT PRINCIPALLY ON GUIDELINES BY NEW CHAIRMAN OF SUBGROUP, WAGNER (NETHERLANDS) AND WRITTEN STATEMENT WHICH WAS CIRCULATED IN ADVANCE OF MEETING (IME(78)10) OUTLINING EFFORTS BY BIAC MEMBERS TO PUBLICIZE GUIDELINES IN HOME COUNTRIES AND SUGGESTING OTHER POSSIBLE AREAS OF COOPERATION WITH CIME. DISCUSSION WITH CIME AND THOSE TUAC REPRESENTATIVES PRESENT CENTERED ON DISCLOSURE OF INFORMATION SECTION TO GUIDELINES, RESPONSIBILITY OF PARENT COMPANY FOR SUBSIDIARY'S

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ACTIVITIES AND CONSULTATION BY INDIVIDUAL COMPANIES
WITH CIME. BIAC REPRESENTATIVES GENERALLY APPLAUDED
GUIDELINES, BUT CITED THREE INHIBITING FACTORS FOR
MNE'S IN COMPLYING WITH DISCLOSURE SECTION: (1)
PROBLEM OF BUSINESS CONFIDENTIALITY, (2) LACK OF
COMPARABILITY OF ACCOUNTING STANDARDS AMONG COUNTRIES
AND CURRENCY FLUCTUATIONS WHICH TENDS TO DISTORT
INFORMATION (BIAC EXPLICITLY SUPPORTED OECD ACTION
ON INTERNATIONAL ACCOUNTING STANDARDS), AND (3)
ALLEGED REQUIREMENT U.S. LAW THAT NO INFORMATION BE
GIVEN TO EMPLOYEES THAT HAS NOT PREVIOUSLY BEEN
GIVEN TO SHAREHOLDERS (COMMENT: BELIEVE THIS
REPRESENTS MISUNDERSTANDING SEC DISCLOSURE RULES).
BIAC REPRESENTATIVES GENERALLY AGREED MORAL OBLIGATION
TO SUBSIDIARY EXISTS IN VARYING DEGREES, BUT POINTED
TO POSSIBLE LEGAL PROBLEMS (E.G., WITH SHAREHOLDERS)
IN SOME COUNTRIES (U.S.), IF COMPANIES MADE PAYMENTS
TO FOREIGN EMPLOYEES THAT WENT BEYOND STRICT LEGAL
REQUIREMENTS. (IN THIS CONNECTION, U.S. DEL INDICATED
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U.S. WOULD CIRCULATE LEGAL PAPER TO CIME ON ALLEGED
LEGAL PROBLEMS OF DISCLOSURE AND PAYMENTS.) BIAC
REPRESENTATIVES INDICATED THAT THEY THOUGHT IT
APPROPRIATE TO INVITE INDIVIDUAL COMPANIES TO APPEAR
BEFORE CIME IF THEY WERE CITED IN CASE BROUGHT TO
CIME BY MEMBER OECD COUNTRY, AS DISTINCT FROM CASE
BROUGHT BY TUAC TO CIME. BIAC NOTED THAT GOVERN-
MENTS COULD OF COURSE BRING FORWARD CASES WHICH HAD
BEEN INITIATED BY TUAC (BERNARD STATED THIS WAS NOT
TUAC'S VIEW, BUT TUAC WOULD STUDY THIS CONCEPT AND
COMMENT LATER). QUERIED ON NATIONAL TREATMENT, BIAC
REPRESENTATIVES PROFESSED GREAT INTEREST IN ISSUE,
BUT CONFESSED THEY HAD NOT "DONE THEIR HOMEWORK" ON
IT FOR THIS MEETING. WAGNER AND SWISS BIAC REP
EMPHASIZED IMPORTANCE OF NATIONAL TREATMENT TO ENTER-
PRISES. USA-BIAC REP (WELLER) WAS SILENT ON QUESTION.
(TEXT OF STATEMENT BY WAGNER ALSO BEING HANDCARRIED
BY USDEL.)
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